

## Message Text

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FOLLOWING IS REPEAT STATE 305168, SENT JAKARTA 16 DEC 76:

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E.O. 11652: NA

TAGS: EINV, CASC, ID

SUBJECT: COURT CASE AGAINST PHILIP C. JESSUP, JR., MANAGING  
DIRECTOR, P.T. INTERNATIONAL NICKEL INDONESIA

1. CHARLES F. BAIRD, VICE CHAIRMAN OF INTERNATIONAL NICKEL  
COMPANY OF CANADA, CALLED AT DEPARTMENT DECEMBER 16 TO  
EXPRESS CONCERN OVER CIVIL DAMAGE AND, ESPECIALLY, CRIMINAL  
SUIT BROUGHT IN JAKARTA COURTS AGAINST MANAGING DIRECTOR  
JESSUP BY YOUNG INDONESIAN LAWYER HIRED BY P.T. INTERNAT-  
IONAL NICKEL INDONESIA FOR SEVEN MONTHS AND THEN TERMINATED  
WHEN SERVICES FOUND UNSATISFACTORY. ALTHOUGH COMPANY  
OFFERED WHAT APPEARS TO BE EXCEEDINGLY GENEROUS SETTLEMENT  
UPON TERMINATION (FOUR MONTHS PAY), PLAINTIFF REPORTEDLY IS  
PRESSING CASES AGAINST JESSUP AS FORM OF BLACKMAIL AND TO  
"PUNISH" COMPANY. CHARGE AGAINST JESSUP IN CRIMINAL SUIT  
SAID TO BE "CRIMINAL INSULT".

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2. ACCORDING TO BAIRD, P.T. INI'S INDONESIAN COUNSEL SAYS  
BOTH CASES ARE "WITHOUT MERIT". BAIRD SAYS CIVIL CASE

(840,000 DOLS DAMAGE CLAIM) IS BEING APPEALED ON ISSUE OF  
COURT'S JURISDICTION AND MAY TAKE YEAR OR MORE TO RESOLVE.  
WHAT CONCERNS HIM IS THAT JUDGMENT IN CRIMINAL CASE

(MAXIMUM PENALTY EIGHT YEARS IMPRISONMENT) IS SCHEDULED FOR  
DECEMBER 28 AND INCO HAS BEEN ADVISED THAT UNLESS THERE IS

"EXTRAORDINARY INTERVENTION" BEFORE THEN, CHANCES OF CONVICTION ARE BETTER THAN EVEN. BAIRD FEELS BASIC PROBLEM IS THAT FROM OUTSET P.T. INI HAS REFUSED, AT PARENT COMPANY'S INSTRUCTIONS, TO MAKE ILLEGAL PAYMENTS. THIS HAS PREVENTED COMPANY FROM FOLLOWING CUSTOMARY COURSE IN RESOLVING CASES OF THIS SORT IN JAKARTA COURTS.

3. BAIRD UNDERSTAND THAT JESSUP HAS BEEN IN TOUCH WITH CANADIAN, JAPANESE, GERMAN AND AUSTRALIAN AMBASSADORS AS WELL AS AMBASSADOR NEWSOM. HE HAS HEARD THAT AMBASSADOR NEWSOM AND CANADIAN AMBASSADOR WILL BE MAKING JOINT CALL ON MINISTER OF STATE SUDHARMONO DECEMBER 17 TO DISCUSS CASE AND INSURE THAT HIGHEST LEVELS GOI ARE AWARE OF ITS RAMIFICATIONS. ASSUMING FACTS AS DESCRIBED BY BAIRD ARE ACCURATE, WE CAN AGREE THAT SITUATION IS AN APPALLING ONE. IF AMBASSADOR FEELS IT WILL HELP HIS PRESENTATION, HE MAY TELL SUDHARMONO THAT DEPARTMENT HAS BEEN APPRISED OF CASE, IS FOLLOWING IT CLOSELY AND HAS EXPRESSED ITS CONCERN OVER BOTH TREATMENT OF MAJOR U.S. INVESTOR IN INDONESIA AND SERIOUSLY ADVERSE CONSEQUENCES THIS SORT OF HARRASSMENT WILL HAVE ON OVERALL INVESTMENT CLIMATE IN INDONESIA.

4. BAIRD ALSO CALLED ON IBRD PRESIDENT MCNAMARA AND VICE PRESIDENT BELL DECEMBER 16 BEFORE COMING TO DEPARTMENT. BOTH EXPRESSED DISMAY, AND BELL INDICATED HE MIGHT MAKE SOME PHONE CALLS TO GOI OFFICIALS.

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5. BAIRD ALSO SAID THAT MATTER HAD EARLIER BEEN RAISED WITH MINISTER FOR MINES SADLI, WITH WHOM P.T. INI HAD ALWAYS HAD EXCELLENT RELATIONS. SADLI HAD EXPRESSED HIS UNHAPPINESS OVER PENDING COURT CASES AGAINST JESSUP BUT HAD INDICATED THAT MATTER WAS OUT OF HIS PROVINCE TO RECTIFY. WHEN WORD OF FORTHCOMING DECEMBER 28 JUDGMENT REACHED INCO, COMPANY ATTEMPTED TO REACH SADLI URGENTLY AT DOHA, BUT WITHOUT SUCCESS.

ROBINSON UNQUOTE.

KISSINGER

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